

Senate Bill 472

By: Senator Rogers of the 21st

AS PASSED

AN ACT

To amend Title 45 of the Official Code of Georgia Annotated, relating to public officers and employees, so as to revise and change the employees' suggestion and award program; to provide for the meritorious award program; to provide for definitions; to provide for establishment and implementation; to provide for powers, duties, and authority of the state personnel board and the commissioner of personnel administration; to provide for agency committees; to provide for awards; to provide for applicability and nonapplicability of certain retirement benefit provisions with respect to such awards; to provide for related matters; to provide an effective date; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Title 45 of the Official Code of Georgia Annotated, relating to public officers and employees, is amended by striking Chapter 21, relating to the employees' suggestion and award program, and inserting in its place a new Chapter 21 to read as follows:

"CHAPTER 21

45-21-1.

As used in this chapter, the term:

- (1) 'Agency' means any agency as defined in Code Section 45-20-2, any authority, or any public corporation, but shall not include the board of regents and units of the University System of Georgia.
- (2) 'Appointing authority' means a person or group of persons authorized by law or delegated authority to make appointments to fill employee positions in the legislative, judicial, or executive branch of state government.
- (3) 'Board' means the State Personnel Board.
- (4) 'Commissioner' means the commissioner of personnel administration or his or her designee.

(5) 'Goal based plan' means a plan developed by the board or other appointing authority under subsection (d) of Code Section 45-21-2 designed to measure performance against business objectives or performance targets.

(6) 'Incentive compensation plan' means a plan developed by the board under Chapter 20 of this title and subsection (c) of Code Section 45-21-2 or other appointing authority under subsection (c) of Code Section 45-21-2.

(7) 'Incentive payment' means a one-time lump sum payment or a predetermined quarterly payment that does not become a part of base salary.

(8) 'Meritorious award program' means a program developed by the board or other appointing authority under subsection (b) of Code Section 45-21-2."

45-21-2.

(a) The board may formulate, establish, and maintain employees' meritorious award programs, incentive compensation plans, and goal based plans to encourage state employees to improve the operation and perception of state government and its instrumentalities.

(b) The board may establish meritorious award programs for agencies for:

(1) Employees who perform a special, extraordinary service, act, or achievement in the public interest, beyond the ordinary demands of duty, and in connection with or related to state government or its instrumentalities. Without limitation but as illustrations, when these criteria are satisfied such awards may be made for:

(A) Heroism;

(B) Response to an unanticipated problem or opportunity for the state employer;

(C) Service or an act or achievement which particularly enhances public perception of state government; or

(D) Innovative or unique success where other efforts have failed or where experts said a job could not be done; and

(2) Employees whose suggestions or ideas are implemented by a state department or instrumentality.

Appointing authorities of the legislative and judicial branches may also establish such meritorious award programs.

(c)(1) In providing for compensation, pay for performance, and performance management under Chapter 20 of this title, the board may provide for incentive compensation plans which authorize or direct incentive pay as follows:

- (A) A one-time payment to induce the employment of a prospective employee with particularly desirable skills or attributes;
 - (B) A one-time payment for learning new, critically needed employment skills; and
 - (C) A lump sum payment for employees who surpass performance expectations.
- (2) The board may impose requirements for periods of continued employment for incentive compensation plans. To receive consideration for incentive compensation for surpassing expectations under subparagraph (C) of paragraph (1) of this subsection, an employee must be in continued employment with the appointing authority or an appointing authority in the legislative, executive, or judicial branch at the time the compensation is paid.
- (3) Appointing authorities for which the board does not provide for compensation, pay for performance, and performance management under Chapter 20 of this title may also establish such incentive compensation plans. This authorization shall extend without limitation to the appointing authorities of the legislative and judicial branches, state authorities, and any executive branch agency which employed no classified employees as of July 1, 1996.
- (d)(1) The board or other appointing authorities shall provide for goal based plans, based on predetermined and objectively measurable criteria, that enhance the effective operation of state agencies.
- (2) In providing for incentive pay for goal based plans, the board may provide for goal based plans which authorize or direct incentive pay for:
- (A) Meeting or exceeding predetermined productivity standards;
 - (B) Meeting or exceeding predetermined sales targets; and
 - (C) Generating income or revenue for the state beyond established goals.
- (3) Appointing authorities for which the board does not provide for compensation may also establish such goal based plans. This authorization shall extend without limitation to the appointing authorities of the legislative and judicial branches, state authorities, and any executive branch agency which employed no classified employees as of July 1, 1996.

45-21-3.

- (a) With the approval of the board, the commissioner shall prepare rules necessary and appropriate for the proper administration of meritorious award programs, incentive compensation plans, and goal based compensation plans including rules governing the:

- (1) Operation of the meritorious awards programs, incentive compensation plans and goal based compensation plans;
 - (2) Eligibility of employees to participate in the programs and plans;
 - (3) Documentation of goal based plan criteria and evaluation metrics;
 - (4) Method and schedule of incentive payment;
 - (5) Type of suggestions or extraordinary service;
 - (6) Method of submission of nominations or applications;
 - (7) Procedure for review and approval;
 - (8) Procedure for verifying qualification; and
 - (9) Procedure for determining awards amounts.
- (b) The rules for meritorious awards for extraordinary service under paragraph (1) of subsection (b) of Code Section 45-21-2 shall provide for evaluation and award by the appointing authority. The rules for meritorious awards for suggestions and ideas shall comply with Code Sections 45-21-4 through 45-21-8.
- (c) The commissioner shall submit the rules or any amendments thereto to the Governor. Such rules or amendments shall become effective when approved by the Governor or 15 days after they are submitted, if the Governor has not rejected them prior to that time.
- (d) For appointing authorities of agencies subject to the rules of the board, meritorious awards programs, incentive compensation plans, and goal based plans shall become effective upon certification of an agency's program or plan by the commissioner and upon certification by the director of the Office of Planning and Budget that funding is available.

45-21-4.

Subject to Article 1 of Chapter 20 of this title, the commissioner shall employ the necessary staff required to carry out this chapter.

45-21-5.

Under meritorious award programs for suggestions and ideas, each agency head shall appoint a committee to be composed of not more than three members selected from the officers and employees of the agency to review suggestions submitted which pertain to the operations of that agency. The agency committee shall, within 45 days of receipt, report to the commissioner on all suggestions submitted to it pursuant to this chapter. Such report shall contain an estimate of the value of projected annual savings to be generated by a

suggestion and a statement concerning the appointing authority's plan with reference to adopting them.

45-21-6.

The commissioner shall make any further investigation deemed appropriate with respect to any suggestion or idea whether or not reported by the appointing authorities and shall report his or her findings and recommendations to the board. Subject to any rules adopted under this chapter, the board shall make the final determination as to what action will be taken on awards for employee suggestions or ideas including what, if anything, shall be awarded to an employee.

45-21-7.

(a)(1) Cash awards for suggestions or ideas submitted by an employee, implemented by an agency, and approved by the board which result in direct measurable cash savings or cost avoidance shall be paid to such employee in an amount equal to up to 10 percent of the first year's estimated net material and labor savings. The award shall be paid by the agency or agencies adopting the suggestion and shall be made within the fiscal year the suggestion or idea is authorized for payment. Cash awards shall be for not less than \$10.00 and for not more than \$5,000.00 regardless of the number of agencies adopting the suggestion.

(2) Suggestions involving improvements in working conditions; changes in procedures; revision of forms; improvement in employee morale, health, or safety; or related improvements for which the monetary value cannot be determined shall be eligible for award certificates or cash awards based on intangible savings.

(3) The board shall establish a method of evaluating such suggestions. Cash awards for suggestions involving intangible savings shall not exceed \$100.00.

(b) In recognition of achievements under meritorious award programs, incentive compensation plans, goal based plans, or other employee achievement, the board and other appointing authorities may award:

- (1) Certificates of merit;
- (2) Certificates acknowledging period of service; or
- (3) Pins, buttons, or other emblems.

45-21-8.

The board shall bear the costs of administration and of the certificates and emblems which it awards and appointing authorities shall bear the costs of administration and of the certificates, emblems, and meritorious awards and payments which they award.

45-21-9.

(a) The following incentive payments shall not be included in earnable compensation in determining retirement benefits under Chapters 2 and 3 of Title 47:

- (1) Payments under a meritorious award program;
- (2) Recruitment payments under an incentive compensation plan;
- (3) Payments for learning new, critically needed employment skills; or
- (4) Payments made under a goal based plan.

However, these incentive payments shall be included as salary in the pay period granted and shall be subject to employee withholding taxes in that pay period. If state or federal law otherwise requires an incentive payment to be included in salary for computing a benefit, the incentive shall be deemed to have been paid, for such purpose only, annualized in equal installments prospectively over the following 12 months.

(b) Incentive payments consisting of lump sum payments for surpassing performance expectations under subparagraph (c)(1)(C) of Code Section 45-21-2 under employee incentive compensation plans will be included in calculating earnable compensation in determining retirement benefits under Chapters 2 and 3 of Title 47.

When an incentive payment will be included in salary for computing retirement benefits, the incentive shall be deemed to have been paid, for such purpose only, annualized in equal installments prospectively over the following 12 months. These incentive payments shall be included as salary in the pay period granted and shall be subject to employee withholding taxes in that pay period. If state or federal law otherwise requires an incentive payment to be included in salary for computing a benefit, the incentive shall be deemed to have been paid, for such purpose only, annualized in equal installments prospectively over the following 12 months.

(c) Incentive payments made under a goal based plan are not prohibited by Code Sections 47-2-32 and 47-3-27."

SECTION 2.

This Act shall become effective upon its approval by the Governor or upon its becoming law without such approval.

SECTION 3.

All laws and parts of laws in conflict with this Act are repealed.